

Washington, DC (Nov. 9, 2012)—Today, Rep. Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, issued the following statement in response to new guidelines issued by Fannie Mae and Freddie Mac effectively ending the use of the “retained attorney network” and requiring mortgage servicers to assume greater responsibility for selecting law firms that handle foreclosure cases:

“I am disappointed that it has taken FHFA so many years to acknowledge these serious problems and finally develop the guidelines that will terminate these networks. As I review the policies announced today, I will look to see that they will truly ensure that the firms selected by servicers to handle foreclosure cases are staffed, compensated, and supervised in a way that will prevent future abuses.”

On February 25, 2011, Cummings [launched a major investigation](#) into abuses and illegal activities by mortgage servicing companies, including wrongful foreclosures, inflated fees, and the filing of improperly executed legal documents during the foreclosure process. As part of that investigation, Cummings [se](#)

[nt a letter](#) asking the Inspector General of the Federal Housing Finance Agency (FHFA) to examine “widespread allegations of abuse by private attorneys and law firms hired to process foreclosures as part of the ‘Retained Attorney Network’ established by Fannie Mae.”

On September 30, 2011, the Inspector General [issued a report](#) concluding that Fannie Mae and its regulators—including FHFA—had been alerted repeatedly as early as 2003 to serious problems with the legal firms in the retained attorney network (RAN), but failed to take corrective action. The Inspector General also reported that “FHFA did not begin to act on foreclosure abuse issues involving Fannie Mae’s RAN until mid-2010,” despite “multiple indicators of foreclosure abuse risk prior to 2010 that could have led FHFA to identify and act earlier on the issue.”

Upon release of the Inspector General’s report, on October 3, 2011, Cummings [sent a letter](#) to FHFA Acting Director Edward DeMarco requesting additional documents and information regarding these oversight failures. Cummings requested that the agency “give serious consideration to terminating the existing Fannie Mae Retained Attorney Network program.” He also requested that “FHFA take immediate and decisive action to remedy these failures and ensure that no additional borrowers suffer similar abuses.”

